

Message Text

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ACTION EB-03

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FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC IMMEDIATE 6348

C O N F I D E N T I A L PORT OF SPAIN 1013

LIMDIS

E.O. 11652: GDS

TAGS: ETRN, PFOR, TD

SUBJECT: PRIME MINISTER REQUESTS DIALOGUE ON CARIBBEAN AIRLINE
RIGHTS

1. FOLLOWING IS TEXT OF LETTER DATED APRIL 29 FROM PRIME MINISTER
ERIC WILLIAMS TO SECRETARY KISSINGER, COPY OF WHICH WAS PROVIDED TO
ME THIS AFTERNOON BY MINISTER OF INDUSTRY AND COMMERCE, ERROL
MAHABIR. REPORT OF CONVERSATION AND EMBASSY COMMENT FOLLOW BY SEPTTEL.

2. RECOMMEND DEPARTMENT REPEAT THIS MESSAGE TO BRIDGETOWN, KINGSTON
AND GEORGETOWN, AND PERHAPS OTHER POSTS IN CARIBBEAN.

3. BEGIN TEXT. DEAR SECRETARY OF STATE,

4. OVER THE PAST 18 MONTHS, B.W.I.A., THE NATIONAL CARRIER OF
TRINIDAD AND TOBAGO, HAS BEEN EXPERIENCING A NUMBER OF DIFFICULTIES
AND PROBLEMS IN ITS TRAFFIC TO AND FROM THE UNITED STATES. AS YOU
KNOW, THE AIRLINE IS OWNED BY THE GOVERNMENT OF TRINIDAD AND TOBAGO.
WE ACQUIRED THE COMPANY IN 1961 FROM B.O.A.C. IN ORDER TO ASSIST IN
FORGING REGIONAL UNITY AND IN DEVELOPING THE REGION.

5. OUR UNSUCCESSFUL EFFORTS TO PROMOTE REGIONAL PARTICIPATION IN
THE OWNERSHIP OF THE AIRLINE ARE WELL KNOWN. THE DEFICITS WHICH THE
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AIRLINE HAS INCURRED OVER THE PAST 13 YEARS HAVE BEEN BORNE SOLELY

BY THE GOVERNMENT OF TRINIDAD AND TOBAGO IN THE CONVICTION THAT THE AVOIDANCE OF FRAGMENTATION IN THE REGION AND THE SUPPORT OF TOURISM-THE MAINSTAY OF MANY ISLAND ECONOMIES IN THE REGION-WERE IMPORTANT ELEMENTS IN MAINTAINING SECURITY IN THIS HEMISPHERE.

6. RECENTLY, WITH FINANCIAL SUPPORT FROM THE EXIM BANK, THE GOVERNMENT INCURRED LARGE ADDITIONAL FINANCIAL COMMITMENTS TO EXPAND THE FLEET AND IMPROVE THE QUALITY OF THE SERVICE WHICH THE AIRLINE CAN PROVIDE. ONE ADDITIONAL JET AIRCRAFT HAS BEEN ACQUIRED AND AGREEMENT HAS BEEN REACHED IN PRINCIPLE WITH THE EXIM BANK TO FINANCE THE PURCHASE OF A SECOND AIRCRAFT; THESE TWO PLANES WILL COST \$35MN.

7. DECISIONS TAKEN BY THE UNITED STATES AUTHORITIES RECENTLY AND MATTERS NOW RECEIVING THEIR CONSIDERATION CAN SERIOUSLY JEOPARDISE THE INVESTMENT OF THE EFFORT AND MONEY BY OURSELVES, NULLIFY THE EXIM BANK SUPPORT OF THE AIRLINE, AND CAUSE OTHER LONG TERM ADVERSE CONSEQUENCES IN THIS REGION.

8. FIRST, THE MERGER OF EASTERN AIRLINES AND CARIBAIR HAS PLACED B.W.I.A. AT A SERIOUS COMPETITIVE DISADVANTAGE ON THE TWO ROUTES WHICH IT HAS OPERATED FROM THE UNITED STATES SINCE ITS ACQUISITION-MIAMI AND NEW YORK-AS A RESULT THE DEFICITS OF THE AIRLINE HAVE INCREASED. TO MAINTAIN ITS COMPETITIVE POSITION THE AIRLINE NEEDS ADDITIONAL GATEWAYS INTO THE UNITED STATES AND IT HAS SOUGHT ENTRY INTO WASHINGTON, D.C., CHICAGO, PHILADELPHIA AND ATLANTA. THE GOVERNMENT OF TRINIDAD AND TOBAGO PLACES THE HIGHEST PRIORITY ON THE ACQUISITION OF THESE ADDITIONAL GATEWAYS INTO THE UNITED STATES.

9. SECOND, THE CIVIL AERONAUTICS BOARD RECENTLY INTRODUCED NEW RULES RELATING TO CHARTER TRAFFIC TO THE UNITED STATES. THESE RULES ARE CAUSING A VERY SERIOUS HARDSHIP ON THIS COUNTRY AND ON THE AIRLINE, FOR THEY SEEK TO IMPOSE ON A SMALL COUNTRY, SUCH AS TRINIDAD AND TOBAGO, ARRANGEMENTS WHICH CAN ONLY BE APPLIED REALISTICALLY BETWEEN COUNTRIES WITH VERY LARGE POPULATIONS. FURTHER THE RULES GIVE NO RECOGNITION TO THE ROLE WHICH B.W.I.A., AS THE DE FACTO REGIONAL CARRIER OF THE CARIBBEAN, HAS PLAYED OVER THE PAST 13 YEARS. IT IS IMPORTANT THAT THESE RULES BE MODIFIED TO TAKE SPECIFIC ACCOUNT OF THE POSITION AND ROLE OF B.W.I.A.

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AND OF TRINIDAD AND TOBAGO.

10. THIRD, THE UNITED STATES AUTHORITIES ARE CURRENTLY CONSIDERING AN APPLICATION FOR AN EXCHANGE OF CARIBBEAN ROUTES BETWEEN PAN AMERICAN AND AMERICAN AIRLINES. WE VIEW THIS APPLICATION WITH SERIOUS CONCERN. IF IT IS APPROVED, IT WILL DIVERT MOST OF THE UNITED STATES TRAFFIC WHICH B.W.I.A. NOW CARRIES TO OTHER LARGE AIRLINES AND AGGRAVATE THE ADVERSE

CONSEQUENCES OF THE MERGER BETWEEN EASTERN AIRLINES AND CARIBAIR. CONSEQUENTLY, ANY APPROVAL, IN WHOLE OR IN PART, OF THIS APPLICATION CAN BE DISASTROUS FOR B.W.I.A.; THIS GOVERNMENT STRONGLY URGES THAT THE APPLICATION SHOULD NOT BE APPROVED.

11. FOURTH, WE HAVE BEEN ADVISED OF DISCUSSION TAKING PLACE ON AIR TRAFFIC BETWEEN THE UNITED STATES AUTHORITIES AND A CARIBBEAN COUNTRY WHICH, IF CONSUMMATED, WILL IMPORT A FOREIGN CARRIER IN THE REGION AND FURTHER DIVIDE THE TRAFFIC THAT SHOULD BE AVAILABLE TO B.W.I.A. THE LIKELY CONSEQUENCES OF THIS ARE OBVIOUS.

12. IF THE ADDITIONAL GATEWAYS TO THE UNITED STATES ARE NOT PERMITTED, IF THE ROUTE EXCHANGE IS ALLOWED, IF THE EXISTING RULES RELATING TO CHARTER TRAFFIC ARE NOT MODIFIED AND IF THE CURRENT DISCUSSIONS ARE CONSUMMATED, THEN THERE CAN ONLY BE ONE RESULT- THE DEMISE OF B.W.I.A. SUCH A CONSEQUENCE CAN ONLY SERVE TO CAUSE FURTHER FRAGMENTATION TO THE CARIBBEAN WITH ALL THE IMPLICATIONS FOR HEMISPHERIC SECURITY AND FOR REGIONAL DEVELOPMENT. IT CANNOT GO UNNOTICED HERE, ALSO, THAT TRINIDAD AND TOBAGO'S PETROLEUM, WHICH FUEL A LARGE PROPORTION OF THE INTERNATIONAL AIRCRAFT MOVEMENTS TO AND FROM THIS REGION, WOULD HAVE CONTRIBUTED TO THE FINANCIAL AND POLITICAL PROBLEMS WHICH WOULD ATTEND THE DEMISE OF B.W.I.A. AND CONSEQUENCES OF SUCH DEMISE.

13. I AM SURE THAT THE OBJECTIVES OF THE UNITED STATES POLICY FOR THIS REGION ARE TO ACHIEVE GREATER FINANCIAL STABILITY AND TO PROMOTE HEMISPHERIC SECURITY. BECAUSE OF THIS AND OF THE LIKELY DIFFICULTIES THAT MIGHT OTHERWISE ENSUE, I PROPOSE THAT, BEFORE ANY DECISION IS TAKEN ON THE LAST TWO MATTERS I OUTLINED ABOVE, THERE SHOULD BE DISCUSSIONS BETWEEN OUR TWO GOVERNMENTS ON THE FOUR POINTS I HAVE SET DOWN IN THIS LETTER. ON YOUR SIDE, YOU MAY WISH TO PROPOSE FURTHER ITEMS FOR DISCUSSIONS; BUT IT IS IMPORTANT THAT THESE DISCUSSIONS TAKE PLACE AND
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AGREEMENTS ARRIVED AT BEFORE ANY DECISION IS TAKEN BY THE UNITED STATES AUTHORITIES ON THE LAST TWO OUTSTANDING MATTERS.

14. IN MY OPINION THESE DISCUSSIONS SHOULD TAKE PLACE AT THE HIGHEST POSSIBLE LEVEL, AND I PROPOSE THAT OUR TEAM SHOULD BE LED BY A SENIOR CABINET MINISTER. AS IT IS IMPORTANT THAT YOUR SENIOR OFFICIALS SHOULD BE ASSOCIATED IN THESE DISCUSSIONS, I WOULD HAVE NO OBJECTION TO THESE DISCUSSIONS BEING HELD IN WASHINGTON. I MERELY STRESS THE URGENCY OF THIS MATTER AND THE NEED TO ARRIVE AT EQUITABLE SOLUTIONS BEFORE MAY 29.

15. I CAN ONLY EMPHASISE THAT THE ISSUES INVOLVED ARE OF CONSIDERABLE MOMENT TO THE GOVERNMENT AND PEOPLE OF TRINIDAD AND TOBAGO AND I AM SURE TO THE GOVERNMENT OF THE UNITED STATES.

16. I WAS DELIGHTED TO HEAR FROM YOU RECENTLY AND I HAVE
FOLLOWED WITH MUCH INTEREST THE REPORTS OF ALL YOUR MEETINGS
WITH THE O.A.S. COUNTRIES. I LOOK FORWARD TO THE PLEASURE
OF MEETING YOU PERSONALLY VERY SOON.

17. YOURS SINCERELY, ERIC WILLIAMS END TEXT.
MILLER

NOTE: EXDIS CAPTION DELETED////LIMDIS ADDED PER SS/O-ELTZ

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